

# CONSUMER FINANCE NEWS

Vol. 35

OCTOBER 1950

No. 4



BARNEY J. LENIHAN, President  
National Consumer Finance Association

## NATIONAL ORGANIZATION, 1950-1951

BARNEY J. LENIHAN, *President and Chairman of the Board*  
Marion E. Taylor Building, Louisville 2, Ky.

M. L. GOGGELIN, *Vice President*  
621 South Hope Street, Los Angeles 14, Calif.  
PAUL L. SELBY, *Executive Vice President*  
315 Bowen Building, Washington 5, D. C.

CHARLES A. DOUGHERTY, *Treasurer*  
558 Carman Street, Camden 3, N. J.  
EVELYN BERKELEY, *Secretary*  
315 Bowen Building, Washington 5, D. C.

### EXECUTIVE COMMITTEE

BYRD E. HENDERSON, *Chairman*

D. L. BARNES, I. L. BRISIN, M. L. GOGGELIN, T. D. GRIFFIN, L. J. INGRAM, B. J. LENIHAN, R. E. MEIER, R. E. VESTER

### BOARD OF DIRECTORS

BARNEY J. LENIHAN, *Chairman*  
Marion E. Taylor Building, Louisville 2, Kentucky  
WILBUR A. BEAN  
112 State Street, Albany, New York  
LLOYD M. BOYD  
1735 Welton Street, Denver 2, Colorado  
I. LEHR BRISIN  
1428 South Penn Square, Philadelphia 2, Pennsylvania  
THEODORE N. BURKE  
709 Chestnut Street, Philadelphia 6, Pennsylvania  
WILLIAM T. CHRISTIAN  
919 North Michigan Avenue, Chicago 11, Illinois  
ANDREW T. COYLE  
300 Guaranty Building, Indianapolis 4, Indiana  
LAWRENCE M. CURTIS  
1112 Ambassador Building, St. Louis 1, Missouri  
CHARLES A. DOUGHERTY  
558 Carman Street, Camden 3, New Jersey  
M. L. GOGGELIN  
621 South Hope Street, Los Angeles 14, California  
THOMAS D. GRIFFIN  
105 West Madison Street, Chicago 2, Illinois  
JOSEPH R. GWINN  
320 Olds Tower Building, Lansing 8, Michigan  
JOHN H. HENDEE  
3502 West North Avenue, Milwaukee 8, Wisconsin

BYRD E. HENDERSON  
919 North Michigan Avenue, Chicago 11, Illinois  
LEO HEYMANN  
1247 National Bank of Commerce Building, New Orleans 12, Louisiana  
LEON J. INGRAM  
1506 Buckeye Building, Columbus 15, Ohio  
I. H. LEVY  
188 West Randolph Street, Chicago 1, Illinois  
EDWARD J. MACDERMOTT  
34 Mechanic Street, Worcester 8, Massachusetts  
HAROLD E. MACDONALD  
919 North Michigan Avenue, Chicago 11, Illinois  
HOKE T. MAROON  
904 Ingraham Building, Miami, Florida  
RICHARD E. MEIER  
405 Sycamore Street, Evansville 8, Indiana  
M. E. PATRICK  
Federal Discount Building, Dubuque, Iowa  
MAX P. SHELTON  
606 Arcade Building, St. Louis 1, Missouri  
JOHN T. SNITE  
111 West Washington Street, Chicago 2, Illinois  
RAY E. VESTER  
303 Alderway Building, Portland 5, Oregon  
DAVIS WEIR  
402 Ring Building, Washington 6, D. C.

### CHAIRMEN OF STANDING COMMITTEES

*Law:* LEO M. GARDNER, 910 Illinois Building, Indianapolis 4, Indiana. *Membership:* RAY E. VESTER, 303 Alderway Building, Portland 5, Oregon. *Public Relations:* B. J. LENIHAN, Marion E. Taylor Building, Louisville, Kentucky

## STATE ORGANIZATION

### SECRETARIES OF STATE ASSOCIATIONS

ARIZONA—Richard Steinman, 243 N. 1st Ave., Phoenix.  
CALIFORNIA—George D. Nickel, 1300 Ramona Rd., Arcadia.  
COLORADO—R. W. Carmody, 1654 Welton St., Denver 2.  
CONNECTICUT—T. M. Stanley, 410 Asylum St., Hartford 3.  
FLORIDA—R. B. Flammer, 615 S. Highland Ave., Clearwater.  
IDAHO—Willis Moffat, Box 1926, Boise.  
ILLINOIS—Albert P. Snite, 111 W. Washington St., Chicago 2.  
INDIANA—Fred Carroll, 217 W. Washington Ave., South Bend.  
IOWA—Homer Young, 310 Equitable Bldg., Des Moines.  
KENTUCKY—H. M. Hardesty, Republic Bldg., Louisville.  
LOUISIANA—Armand P. Guizerix, 1112 Maison Blanche Bldg., New Orleans.  
MAINE—William D. Kiah, 22 Clinton St., South Portland.  
MARYLAND—E. M. Garren, 2 E. Lexington St., Baltimore.  
MASSACHUSETTS—Charles F. Potter, 12 Norfolk St., Cambridge.  
MICHIGAN—C. M. Morrison, Main at Division Sts., Cheboygan.  
MINNESOTA—B. J. Rechtiene, 600 Bremer Arcade Bldg., St. Paul, 1.

MISSOURI—L. S. Woodcock, 1112 Ambassador Bldg., St. Louis, 1.  
NEBRASKA—R. W. Gohde, 112 S. 11th St., Lincoln.  
NEW HAMPSHIRE—Perry S. Whiting, 944 Elm St., Manchester.  
NEW JERSEY—John P. Bramer, 60 Wall St., New York 5, N. Y.  
NEW YORK—John P. Bramer, 60 Wall St., New York 5.  
OHIO—Lloyd Laut, 38 S. Washington St., New Bremen.  
OKLAHOMA—W. G. Cochran, 311 Hales Bldg., Oklahoma City 2.  
OREGON—R. E. Vester, 303 Alderway Bldg., Portland 5.  
PENNSYLVANIA—A. G. Hittinger, 1428 S. Penn Sq., Phila.  
RHODE ISLAND—Joseph J. McLaughlin, 111 Westminster St., Providence 3.  
UTAH—J. T. Cole, 511 Walker Bank Bldg., Salt Lake City.  
VERMONT—John M. Lancaster, 182 N. Main St., Barre.  
VIRGINIA—J. H. Gardner, 210 N. Third St., Richmond.  
WASHINGTON—F. J. Gleason, 211 Douglas Bldg., Seattle.  
WEST VIRGINIA—M. S. Wickline, 922 Quarrier St., Charleston.  
WISCONSIN—Lyle A. Kamradt, 735 N. Water St., Milwaukee.

PAUL L. SELBY  
Editor

EVELYN BERKELEY  
Associate Editor

# Consumer Finance News

Published by the  
**NATIONAL CONSUMER  
FINANCE ASSOCIATION**  
Washington, D. C.

Vol. 35 • No. 4

October • 1950

## IN THIS ISSUE:

Page

ON THE COVER . . . . .	2
Barney J. Lenihan, new President of N.C.F.A.	
M. L. GOEGLEIN . . . . .	2
New Vice President	
THE ROAD AHEAD IN OUR BUSINESS . . . . .	3
Keynote Address of I. L. Brislin	
INAUGURAL ADDRESS . . . . .	5
New President urges support of American system	
RECORD-BREAKING CONVENTION . . . . .	7
Highlights of Chicago meeting	
NATIONAL CONVENTION IN ACTION . . . . .	8
Participants and events in pictures	
REGULATION W REINSTATED . . . . .	10
Effective September 18, 1950	
DEFENSE PRODUCTION ACT OF 1950 . . . . .	10
Excerpts from credit control authority	
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM . . . . .	11
Summary of Regulation W for the press	
PERSONALITIES . . . . .	12
Alden L. Peterson	
TWENTY YEARS AGO IN THE NEWS . . . . .	12
Quotes from <i>Personal Finance News</i> of October, 1930	
INTERPRETATION OF REGULATION W . . . . .	13
Examples and forms	
GEORGE W. KEHR HONORED . . . . .	Inside back cover
Admiral of Labor Day Kipona	
MEETING SCHEDULE . . . . .	Inside back cover
Future state association meetings	



**CONSUMER FINANCE NEWS** • The contents of *Consumer Finance News* are protected by copyright. Reproduction in whole or part, without express permission of the publishers, is forbidden. Copyright, 1950, by the National Consumer Finance Association—Published monthly by the National Consumer Finance Association. Publication office: 315 Bowen Building, Washington 5, D. C. Entered as second class matter at the post office, Washington, D. C., under the Act of March 3, 1879. Price \$2.00 per year. With the exception of official Association announcements, the National Consumer Finance Association disclaims responsibility for opinions expressed and statements made in articles published in this magazine.

## On the Cover

Barney J. Lenihan is now President of the National Consumer Finance Association. He was elected at the 36th annual meeting of the Association held in Chicago, Illinois on September 23, 1950. Mr. Lenihan takes over the leadership of your national trade association for the coming year in troubled times, but the Association itself is strong, having the largest membership in its history.

Mr. Lenihan is a Kentuckian by adoption, but he received his education in Illinois at Loyola Academy and also attended DePaul University. Early in 1930 he became interested in the consumer finance business, and after careful study concluded that he wished to make it his life's work. Later in that same year he organized and became president of the Family Finance Corporation at Covington, Kentucky. In 1932 he resigned from that organization to organize and become president, an office which he still holds, of Time Finance Company at Paducah, Kentucky, which now has its headquarters office in Louisville.

Mr. Lenihan has been interested in the National Association just about as long as he has been in the consumer finance business. Soon after his decision to organize his company in Kentucky, he visited the national headquarters in Washington, D. C., to get from them whatever information was available to him. His company joined the Association soon after it was established and all of his offices have held membership in the National Association since that time. Mr. Lenihan was elected to the Board of Directors, of which he is chairman, in 1939, and has served continuously since that time. Good public relations is of special importance to Mr. Lenihan. It was as a result of a suggestion from him that the Public Relations Committee was formed in 1944. He has served several terms as its chairman. Mr. Lenihan was also chairman of the Association's Film Committee, and worked constantly in cooperation with others to make sure that the picture produced would be a credit to the Association.

Mr. Lenihan believes that every man should contribute his share to the community in which he makes his home. For this reason he has been very active in civic activities in Kentucky. He is a past president of the Kentucky Chamber of Commerce, and during his administration it was reorganized and built up and is now one of the most active organizations at the state level. He was for many years Executive Vice President of the Kentucky Free Bridge Association and worked diligently on that project. Mr. Lenihan was recently elected to membership on the Board of Directors of the Louisville Better Business Bureau.

As President of the Association, Mr. Lenihan becomes a voting member of the Executive Committee. This Committee, the Board of Directors, standing and special committees will work with Mr. Lenihan to make his year as President a most successful one. In the uncertain times which the country is facing, the National Consumer Finance Association under his leadership will chart a firm course and render real service to the members who support it and make its continued success assured.

## M. L. Goeglein

New Vice President of N.C.F.A.



M. L. Goeglein was elected vice president of National Consumer Finance Association at the Annual Meeting on September 23, 1950. His election to this significantly important position is a well deserved recognition of Mr. Goeglein's exceptional abilities and unusual success in the consumer finance business and in Association activities.

Since 1946 our new vice president has been vice president of Pacific Finance Corporation of Los Angeles, California, in charge of that company's far-flung loan operations. He rose to that high executive position by successive promotions from the lower echelons after joining the Pacific organization in 1933. Even before he was called to Pacific because of his outstanding record, he had achieved notable reputation as a successful finance man in fast growing California—first as a Ford dealer, and in turn on the branch staff of Universal Credit Company and General Motors Acceptance Corporation.

In association work, Mr. Goeglein has won recognition for his hard work and efficient leadership. Among other things he has served with distinction as a member of the Board of Directors of the Los Angeles Credit Exchange Bureau, as a member of the Board of Directors and Executive Committee of the California Loan and Finance Association, and as vice president and president of that organization.

In the National Consumer Finance Association he has served well on various committees and on the Board of Directors. One of the tallest men in the National Association, "Goeg," as he is familiarly known by those who work with him, looms large on the horizon of National Association affairs. Good luck, "Goeg"—we mean, Mr. Vice President!

# The Road Ahead in Our Business

By I. LEHR BRISBIN

*Mr. Brisbin, retiring president of the National Association, made the address which we are printing here at the 36th Convention of the Association.*

An examination of our convention program will indicate that a great deal will be said here about the political and economic situation in which we find ourselves. There may be some of you who think that the program committee has gone too far in that direction—that more time should be devoted to affairs directly connected with our business. Personally I am glad to see that your program committee has recognized that unless all of us take a greater interest than we have in the past in our responsibility as citizens of this nation, we are not going to have any business to be concerned about.

However, first, instead of going down the broad but rather rough highway directly ahead of us, I'd like to take you down a rather narrow side road that has been reasonably smooth traveling over the years. As we roll over it, let us review hurriedly a bit of the history we find along the way and based on that, make some recommendations for improvement of that highway as it widens out into tomorrow.

Most of you know what has already happened to this industry since its inception 36 years ago. Good rates of 3% or 3½% and lower operating costs permitted the making of really small loans to the necessitous borrower. This is the foundation on which this business was built. Many of you remember well when \$100 was a large loan and \$300, the exception. Lack of education on the part of our customers and failure of the general public to accept the philosophy of our business made collection costs higher and losses substantially greater. The cost of money was high because you thought that investors or representatives of investors were permeated with the idea that the business was risky. You were right—they did think so. But, subsequent events, which I don't need to detail for you, proved how wrong they were. Who besides the 25 or 30 men who founded this trade association in 1916 would have ever believed that the consumer finance business would approach a billion dollar industry in 36 years? I think that any one of that group or all of them will admit that we have exceeded their fondest dreams, which were indeed far-reaching even then.

World War I and World War II were for all practical purposes, except for

size and cost, exactly alike as they affected our business; and it is reasonable to assume that if, as, and when we reach World War III, it will be the same again, only more so. It's those last two words that bother us. How much *more* so can we take? As an industry, we can take just as much as we can take as a people and a nation. If we can survive as a nation, as a democracy, and as a republic and not as a socialistic union, we can well survive as an industry.

Another war will undoubtedly do the same things to us that the first two did—first, cut volume; second, increase costs and losses; and, third, bring us closer to a controlled economy and a federally owned and controlled business. When hostilities cease, we will recover our lost volume, collect a lot of previous losses, and then have to fight for the rest of our lives to get away from the so-called war emergency controls or government ownership, or at least government sponsorship. Wars, panics, and depressions and even a certain amount of inflation have never seriously crippled this industry in the past; and it is, therefore, reasonable to assume that we can weather future storms. The federal controls and creeping socialism that overtook us during World War II and which now have their foot in the door again are the factors that may spell ruin not only to this business, but to the entire American economy.

Given the right to conduct our business on the road ahead as we were in the past—prior to 1941—as private enterprise, to succeed or fail on the decision of public acceptance, this industry can grow and serve. If we must continue to deal in cheap money (50¢ dollars), we must have higher ceilings, a fact already recognized by such states as New Jersey, New York, Michigan, Illinois, Nebraska, Connecticut, Ohio, and California. Other states have provided for higher loans with supplementary legislation; but if such operations are viewed in their proper perspective, they will be seen to be inadequate or unprofitable except as a sideline or as in rare exceptions. Small borrowers cannot be served under rates provided for large loans which may appear adequate at higher levels. Therefore, we see dangerous signs ahead even in those states with ceilings above \$300 in the small loan law where rates may appear substantial today but will prove to be inadequate in stormy weather.

The past ten years have produced another factor which, if it continues its galloping growth, will in itself put us out of business; that is the inconsistencies in our federal laws that permit cooperatives and mutual organizations to escape the payment of federal taxes. During the last ten years a standard, American taxpaying corporation has paid into the federal treasury a minimum of 25%; and during the war years, 40% plus as much as 95% of their so-called excess profits. Cooperatives, mutual savings banks, mutual insurance companies, and credit unions paid little or nothing. This gave them a tremendous advantage over private corporations so that their expansion was really enormous. Credit unions, for example, in 1938 when the tax rate was 12½% to 19% on corporations, had \$147,000,000 in assets. If we examine the figures for 1948, we find that in those ten years when the tax rates ranged from a minimum of 21% to a maximum of 40%, exclusive of excess profits taxes, their assets increased to more than \$700,000,000; and today I understand they are approaching the one billion dollar mark.

This cooperative movement started in this country about 100 years ago, but it didn't make any real progress until this tax advantage arrived on the scene. In the year 1948, the amount of business volume done by cooperatives, savings and loan associations, mutual savings banks, and credit unions was about \$58,000,000,000. That's a tremendous slice of tax-free business out of the total done in this country.

Credit unions, which are the lending agencies in the cooperative field just as our companies are the lending agencies in the private enterprise field, will do a volume of business of almost ¾ of a billion dollars this year. Their outstanding is getting very close to one-half the total figure for all licensed small loan companies. They are able to lend at lower rates because they are subsidized by well-meaning but certainly ill-informed employers and because they enjoy these tax exempt positions not available to privately owned and operated lending companies. They enjoy nominal and in many cases free rent for the space they occupy in the company's plant; receive free advertising in company ads or in house organs; have the services of employees or executives whose salaries are usually charged to some other department; eliminate all collection costs since loans are made only to employees of that plant and



are collected by the pay roll department by weekly deductions; and, most important of all again, are exempt by law from federal income taxes. Estimate if you can the position your company would occupy financially if for the past ten years you could have enjoyed only one of these advantages.

Suppose you could have added to your surplus and working capital all the money you have paid in federal taxes in the past ten years. I think you'd have to call the cops to keep prospective stockholders out of your front office; and at the same time, you could have made more loans at a lesser rate, thereby providing better service to the public generally. Fair, square, and honest competition in the matter of rates and service is no hazard or problem to this industry; but no business enterprise can forever compete against subsidized opposition that gets federal or other assistance that is eventually paid for by all taxpayers. Is it not reasonable to assume that sooner or later if this trend continues, these companies already so dependent upon political lobbies and favorable legislation will have to submit to complete government control and perhaps ownership so that we will be faced with more government competition in our business just as electric companies, insurance companies, railroads, and others are faced with it today.

There is another sign along this road ahead that should have some consideration. For 36 years, this industry has played a vital part in the growth and success of this nation. Producer credit and consumer credit, one at each end of the economic production line, complement the other. Without producer credit, our great manufacturing companies could not possibly bring their products to public attention; and without consumer credit, the masses could not acquire these products for individual use. Consumer credit services have accelerated the production of goods and services and made this Twentieth Century unparalleled for its time-saving and leisure-increasing conveniences for the average American family.

I must leave it to deep-thinking economists to tell you exactly with figures and accurate comparisons how much better we live today, but certainly no one in this room is so young that he cannot discern the changes that have taken place as we move forward. Our industry has done much to promote savings in the form of durable goods for the consumer; to promote enterprise and self-reliance in the struggle for advancement; to make for a more efficient daily life by increasing time available for improving health and culture; and most important of all, in furnishing a practical method to get out of

debt, meet temporary emergencies with dignity, and increase the production of goods and services by increasing the velocity of the circulation of money.

We can and must continue these functions in the future and will succeed at our tasks only when we are able to convince authoritarian politicians who believe that government is an end unto itself and who seek to control the quantity of consumer credit as a means of stabilizing business, that consumer credit does no more to accelerate or decelerate the nation's economy than producer or commercial credit.

Today for the third time in history we find ourselves again under federal controls, and the excuse given by our Federal Administration is that we face a war emergency. The people's representatives in Washington concur with that idea because they have approved the Defense Production Act of 1950. The patriotic motivations of this industry and of its leaders are beyond reproach, and so we comply willingly not only with the letter, but with the spirit of the law. We only ask that these same representatives play the game just as squarely and take the necessary steps to put an end to these hampering controls when the emergencies are over instead of using the same excuses to further political and personal ends. We'll play the game fast, hard, and clean against any kind of honest competition, but we must insist that every time we gain a few yards the referee doesn't move the goal posts.

The little road ahead can be rough and rocky just like any highway subject to heavy traffic unless those who use it have the foresight, courage, and energy to smooth it out through mutual cooperation in obtaining adequate state legislation, elimination of controls, and higher ceilings that will permit adequate rates for the small but very necessary loans. The business of lending and borrowing will continue just as long as civilization shall last as it has existed before recorded history; and whether it shall continue as it has been these past 36 years depends upon considerate, fair, and friendly live-let-live philosophy toward legitimate competition and thus help kill off the spectre of continuous federal regulation. We cannot, however, have a smooth, enjoyable, or even a reasonably pleasant road ahead if we continue in the future to do as little as we have done in the past. If we continue to hoard our energies, our fifty-cent dollars and not be willing to contribute time, energy, and funds properly to educate the people who have been so badly misinformed and misled over the past twenty years, then we can expect nothing else but an all-out socialistic government and be very lucky

if we don't wind up completely communistic.

A careful examination—or for that matter, just a casual examination—shows why we are in the position in which we find ourselves today. It is simply because you and I as businessmen have not attempted to exert even 1/10 of the amount of energy that we should have generated in preventing the foisting on the public the screwiest ideas that have ever been dreamed of in the history of all mankind.

Some of us will not exert ourselves, and then there are others who are just plain selfish, and it is this kind of complacency that is leading us rapidly down the road to frustration and perhaps annihilation. Notwithstanding this dreary picture which we ourselves have helped to paint by our own dereliction, there are some redeeming factors to be considered. The last two years have seen more and more people and many more organizations devoting more time, more effort, more money to informing the uninformed and the straightening out of the thinking of those who have been deluded into believing that the handout state can last forever.

It's a tremendously big job ahead of us, one that looks almost insurmountable. However, probably no one 20 years ago would have thought that in such a short period of time it would be possible to create the havoc that has been done not only in this country but throughout the world. Therefore, I firmly believe that if we will work as diligently and as zealously at this job as those who are responsible for the havoc have worked at theirs, we can change the trend and put our nation back in the safe and sane column again.

Let's get rid of big government. Our Federal Government must be compressed back into the niche for which it was originally designed; it must be taken completely out of private enterprise; it must again become the servant of the people rather than their master. To accomplish this result we must adopt the technique of labor, the farm organizations, and the John L. Lewises. Not only must we be organized much better than we have been over the years, but we must agree to devote a much greater percentage of our time, our efforts, and our funds, and our talents to this job of education. Why shouldn't we do it? We are now—very grudgingly—and have been for years giving anywhere from 20% to 85% of our time to the Federal Government. That time (money) that you have donated to the federal treasury has been to a large extent, and I recognize in many respects unintentionally, used to bring about ultimately the complete ruin of the

(Continued on Page 16)

# Inaugural Address

By **BARNEY J. LENIHAN**

*Mr. Lenihan as incoming president of the National Consumer Finance Association for the year 1950-1951 made the address which we are printing here at the Inaugural Luncheon on September 23, 1950.*

I am proud of my affiliation with this business—proud of the great service which it renders its millions of customers—proud of the many great businessmen who guide its destinies. In wisdom, honor, and integrity—and in consideration for their customers and their personnel—I consider the leaders in this industry second to none in America.

I am humbly grateful for the great honor which has been accorded me. I accept that honor not as a personal one—but as an honor to the personnel of my organization—an honor to my family—and to the many good friends, inside and outside this industry—all of whom have contributed greatly to whatever measure of success I may have achieved. To you and to them, I express my sincere and grateful appreciation. It is my fervent hope that I shall prove worthy of the faith and confidence which you have entrusted to me.

To me, modern trade associations are one of the finest manifestations of economic idealism in our American opportunity system. For no trade association is worthy of the name—unless it is founded upon ideals of service for the people who patronize it. The National Consumer Finance Association is no exception. The ideals of this Association are high. Virtually every thought and act of this Association, that I know of, has but one aim—"The Welfare of the Customers Whom We Serve."

That statement is not intended to cloak us in the robes of sanctity—for it is but the sheerest kind of enlightened self-interest to recognize "that what is good for our customers—is good for us"—and what is bad for them—is utter and eventual suicide for business. I merely recite the ideals of this Association and most trade groups—because all too frequently in recent years—the socialists and the communists and their coterie of fellow travelers—and certain of our illiterate intelligentsia—have made American business and businessmen—whipping boys for the slightest imperfection in our economic picture. From some of the most unexpected and utterly unjustified quarters—American business—which has brought to our citizens the highest standard of living in the history of mankind—has been

subjected to a caterwaul of carping criticism. Of course, there are some inequities in the American opportunity system. And of course there are some selfish and greedy people in American business. But they are an extremely small minority. There have been inequities and greed in every other system—with which mankind has experimented—and mankind has experimented with them all. Nothing in human endeavor can be absolutely perfect—for the human animal himself is imperfect.

Communism, Socialism, Fascism, Nazism—and all the other systems of living which have been intensively promoted in various places the past few years—have all been tried before—not once, but repeatedly. And all of them have failed. Only the opportunity system—the system which recognizes the right of man to aspire to individual accomplishment—gives to the individual maximum freedom—and recognizes his right to pursue happiness in his own way—only this system has endured so long and so effectively to the benefit of mankind. Nowhere else on this globe, and at no time in history, has any plan of living provided so much—for so many—for so long. Those who would attempt to overthrow our American system are not unlike Lucifer and his fallen angels who revolted in paradise.

I mention these things because to plan realistically and to define our future—we must know of our past—and beware of our present. We must know at what point we are today—in order to determine where we may be tomorrow. And in looking ahead to the future for the consumer finance business, I don't think we can divorce ourselves—from looking ahead and planning—for all American business. It is quite obvious that unless American business, as a whole, can thrive and prosper—and prevail against its carping critics—the consumer finance business too will cease to exist.

Therefore, our vision in planning what is good for the consumer finance business should also be sufficiently broad—to plan what is good for the entire business life of America. Truly, in these troublesome times, there is the greatest need for business statesmanship—if our system is to survive.

Well, where are we today—and what is the cause of our problems? Within the lifetime of everyone in this room, there have occurred advancements in science, industry, medicine, and business—

which have had impacts of tremendous magnitude on the living habits of every person on this globe. Within our lifetimes, we have seen the development of radio, television, the commercial airplane, the atomic age, consumer credit, and a multitude of other accomplishments.

Without question, our age represents the threshold to a new era of existence for humanity. With Divine guidance—and with the will to work and persevere—we can make it as good—or better than we now have.

But before we sell our now closely neighbors—we must re-sell ourselves. We must re-sell every American businessman—and every American citizen possible. We must improve our product. We know it is a good product—but we must be relentless in our efforts to perfect it further. Marketing the American system—must be as aggressive and convincing as the successful marketing of merchandise.

I would like to discuss what we as alert and enthusiastic members of the National Consumer Finance Association can do—to perfect American business—and aid in successfully marketing the American system to our neighbors at home and abroad.

First and foremost, we must serve effectively our customers' needs. We have the good fortune to be engaged in a business which serves constructively the intimate financial affairs of at least one out of seven American families. We operate under special laws designed to protect—and provide a beneficial and constructive financial service to people in need of money. Consumer credit is one of the most highly competitive fields in American enterprise—and the merit of our particular service has been emphatically proven—because it is the preferred choice of millions of people.

But, to make our industry's proper contribution to the continued success and preservation of the American way of life and system of business—we, too, must be relentless in our pursuit for perfection. We must provide an increasingly invaluable service to our customers. Our methods of operation must always be above reproach. Our courtesy and consideration toward the problems and needs of our customers must be constant and satisfying. The greatest single source of new business among all efficient and well operated consumer finance companies—is the recommendation of present and former customers. We must continue to merit this unqualified and emphatic endorse-

ment of our customers in the future.

You all know that we live by consent of the legislators in the 30-odd states which have acceptable small loan laws. The conduct of our business must, at all times, be in conformance with our public responsibilities. Through the intelligent and alert public relations activities of your national and state associations, wider and wider public acceptance of our business has been achieved. But, there still remains much to be done—and sound public relations are maintained only through perpetual effort.

And now that we are in a war economy—and the government has seen fit to restore control of consumer credit—complete compliance should be a major public relations project for all of us. We have not always seen eye to eye with government authorities—on the wisdom of their credit control regulations. But, when these regulations are law, it is the bounden duty of everyone religiously to observe them. Our industry achieved an enviable record for conformance to Regulation W in the last war. We want to prove ourselves equally cooperative in the present conflict. We should be equally determined to have credit controls removed when this crisis is over. In peace times, you can't have a dynamic and growing America—with a control concept that implies that Washington is the sole geographical location of brains—and that business and its customers are utterly ignorant of their own—and America's welfare.

The members of your public relations committee urge every company in this industry to go all out in their support of the war effort. We must do everything humanly possible to help America win this war—whether it is considered hot or cold. It will avail us nothing to perfect our system if America should be defeated.

We urge you to devote a greater portion of your future time to participation in all community affairs—to public relations ventures on behalf of your business. Generously support and actively participate in all the worthwhile civic and charitable activities in your community. The men in this industry have great potentialities for leadership. Put that leadership to good use.

We urge every company in this industry generously to support and participate actively in the affairs of such vital business organizations as your local and state chambers of commerce—and national fact finding business groups.

We urge you to inaugurate and persistently carry on a program of citizen education among the personnel and cus-

tomers of your companies. You can obtain the material for such programs through your local chamber of commerce—or the U. S. chamber of commerce. Or, write Mr. Ingram of Capital Finance, whose company has pioneered in this venture in good citizenship.

We urge you to vote yourself—and try to get 100% of your personnel—and as many of your customers to do likewise.

We urge you to establish friendships and contacts with the political leaders of your city, county and state. Not for selfish purposes—but for purposes of good citizenship. Work with other businessmen to aid and educate political leaders to a better understanding and comprehension of American business.

We urge you to take an interest in our educational system. Become acquainted with all the educators you can. Let them become acquainted with you and with your business. Work with your chambers of commerce in the promotion of business, industry, and education days—so that the people who teach our children will be able to see, at first hand, the value and merit of the American business system. Sponsor scholarships for outstanding students at colleges and universities. Do these things to help our educators properly instruct our future citizens on the American way of life. Business has nothing to fear from the closest scrutiny of educators. It has everything to fear from a state of ignorance—as to how it operates for the benefit of our people.

And when we are selling the American system—or meeting the attacks of its critics—let's clinch the deal—or nail the argument with these bullet proof facts.

1. No system has done so much for so many—for so long. There are more automobiles, washing machines, radios, telephones, televisions, etc.—and more medical, hospital, educational, religious and cultural facilities—more of everything that makes life liveable in America—than any other place in the world!

2. The percentage of profit and salaries which goes to owners and stockholders of American private business is far less—than the salaries and tax "overhead" of bureaucratically operated, government owned enterprises. See the non-partisan Hoover Committee Report for complete and emphatic verification of this statement. Check the true cost of goods in socialistic England and communistic Russia for further verification. An American works one day for a pair of shoes—an Englishman works three days—and a Russian works one month!

3. The average American works shorter hours—eats more and better

food—and has a vastly higher standard of living than in any of the socialistic, communistic, and other "istic" countries of the world. He enjoys greater freedom—greater opportunity—greater leisure—greater happiness than any other citizen in the world!

4. The American opportunity system has enabled America generously to give other countries operated under other systems—(some of them critical of ours)—more billions of dollars—than all other nations combined have given to others—since the beginning of civilization. If these other systems are so wonderful—why have they been asking and begging America constantly for aid—almost without interruption for the past 35 years. America has not only given its money—it has given its brains—it has given the blood and lives of its youth—to give people everywhere the freedom to live their lives in security and peace—and in the way which they choose! And we are still doing it!

5. If the gates of America were thrown open tomorrow—people from all over this world and from every socialistic and communistic nation would rush here to enjoy our American way of life. But how many Americans—given the opportunity—would leave here and go elsewhere. Virtually none! No!—not even our severest critics would leave.

These facts are proof of the pudding. I sincerely believe that if every one of us in this industry and every American businessman will do his part with vigor and determination, we can refute any argument or attack upon us. We can sell this greatest product on earth—the American way of life—to all people. Let's not allow the American system—the greatest organization of society since Adam—to be beaten down to the level of socialistic or communistic mediocrity. Let's use the great advancements of transportation—communication—and science which America has given the world—to sell our American way. Let's not suffer ignominious defeat—by default.

And one final thought. I believe every one in this room today—fervently hopes that we can pass on to our children a better and finer America—better and finer opportunities—and the same measure of freedom and right to pursue happiness—which we have enjoyed. More precious than any money or worldly goods, we can leave them—is the right to live as free men. Let's not be afraid to give generously of our money—our time—and our talent, to leave them that kind of an America. They will be more grateful to our memory if we do.



# Record-Breaking Convention

Chicago Meeting Was the Largest and Best in Association's History

The Thirty-sixth Convention and Annual Meeting of National Consumer Finance Association broke all records in attendance, in program, and in sustained interest throughout the three days, September 21-22-23, 1950.

Association leaders began to converge on the "windy city" on Monday, September 18, as the Executive Committee met in all-day session. The Board of Directors followed with a full day's work on Tuesday. On Wednesday, the Directors, officers and several members of NCFA met in a joint Industry Day Conference with the State Banking Department officials and supervisors for a frank and open discussion of the public interest issues and problems involved in state regulation of the licensed consumer finance business. The Advertising Committee, the Law Committee and the annual meeting of the Law Forum rounded out a busy day.

## The General Sessions

President Brisbin banged the new silver-plated ivory gavel (gift of Past President Max Shelton) at the stroke of ten on Thursday morning, September 21, in the Grand Ballroom of the Edgewater Beach Hotel, and the convention was under way. In this first session and all succeeding sessions space was at a premium, for interested members and a few guests filled the great hall to capacity and overflowed into the foyer where the splendid exhibits attracted continuous attention.

B. Haddon Davenport, president of the Illinois Consumer Finance Association, welcomed the convention warmly and cordially. Barney Lenihan responded for the National Association in true Chamber of Commerce fashion, and presented I. Lehr Brisbin for his keynote address on "The Road Ahead in Our Business." See his address on page 3 of this issue. Fernand S. Picard, president of the Canadian Association, was introduced and in a brief response added a delightful international touch to the occasion. Paul L. Selby, executive vice president, presented his considered observations on "The Status of Our Business" from the national viewpoint as he sees it from national headquarters of the Association in Washington. Dr. Howard R. Bowen, Dean, College of Commerce, University of Illinois, climaxed the morning session with his masterful address on "The Road Ahead in the Economy."

The Thursday luncheon overflowed

the big Marine Dining Room. It was a public relations session addressed by Jack Clarke, of the Public Relations Department of Ford Motor Company, who presented a case history of the Ford Company's program to combat the unfair charge currently being made against big business and illustrated with a brand new motion picture about ready for public release.

## Legal Round Table

On Thursday afternoon, with Leo Gardner, chairman of the Law Committee, presiding, the Law Forum developed the theme "Understanding Your Legal Status—in Bankruptcy Proceedings—under Federal Jurisdiction over Your Business—under the Proposed Commercial Code, and Concerning the Right of Privacy." The eminent lawyers, Frank B. Hubachek, Bryan Purteet, Joseph E. Newton, Leo M. Gardner and Louis A. Hellerstein, ably developed their topics and explained legal principles in practical, working laymen's language for the benefit of operating members. It was a most constructive session.

To lighten the business sessions and to provide opportunity for fellowship, the Illinois Association was host to the convention at a delightful reception and cocktail party on Thursday evening in the East Lounge of the Edgewater Beach.

## The New Advertising Forum

The newly organized Advertising Forum of NCFA, under the chairmanship of Hal Wagner and with a growing membership of nearly 400, launched its first program for a national convention on Friday morning. Too bad, we do not have space here to do justice to this program—will print most of the articles later—but John T. Snite on RADIO ADVERTISING, Newell T. Schwin on TELEVISION, Irving S. Michelman on POINT OF SALE ADVERTISING, Henry Hoke on LETTER WRITING, and Fairfax Cone on WHY ADVERTISE? were superb.

Carl Taylor, president of the Waukesha State Bank, Waukesha, Wisconsin, was the featured speaker at the Friday luncheon. Raising the question, "What kind of an America would you like to live in tomorrow?" he launched into a most challenging and inspiring portrayal of the citizenship attributes required to make our hopes and aspirations come true. His capacity audience was spellbound.

## Round Table on Operations

Everyone was interested in the afternoon Round Table on "Increasing Efficiency in Operations," presided over so capably by Harold E. MacDonald. "Improved Methods and/or Mechanical Devices" were presented for BRANCH OFFICE—INTERNAL by Davis Weir, BRANCH OFFICE—EXTERNAL by Harry A. Hammond, and HOME OFFICE by David B. Lichtenstein. "Solving Collection Problems" was treated under the subjects, DELINQUENT ACCOUNTS by M. L. Goggin, FOREIGN ACCOUNTS by Harry W. Gibson, and LOSS RATIOS AND RESERVES by Albert B. Bagley. Here was another most practical and constructive session.

## The Annual Banquet

The Annual Banquet—an historic institution in NCFA—broke all records. The attendance overflowed the Grand Ballroom and also filled the great Michigan Room to which the proceedings were piped by loud speaker. The three-tiered, flower-decked speakers table was gorgeous. After introducing the members of the Board and the distinguished guests, President Brisbin called on B. E. Henderson, who presented Distinguished Service Awards to Fred B. Snite and Ray E. Vester for their great service in the progress and welfare of the consumer finance business and of the National Consumer Finance Association. He then presented, on behalf of the Executive Committee, a diamond-studded wrist watch to Miss Evelyn Berkeley, in appreciation of her twenty years of service to the National Association.

The Honorable Francis Patrick Matthews, Secretary of the Navy, delivered a masterful and inspiring address. After commenting upon the high place of distinction won by the licensed consumer finance companies in the economic life of America, the Secretary reviewed the achievements of our defense program under the reorganization act and paid a high tribute to the armed services in the Korean situation—a tribute as well to the combined efforts as a result of the reorganization of the Department.

## The Annual Meeting

On Saturday morning, T. D. Griffin, chairman of the Executive Committee,

(Continued on Page 16)



What Kind of America?  
Carl Taylor



Speakers Table at  
Chicago—Sept



Forward Pass  
Brishin to Lenihan



Hon. Francis P. Matheis

Speakers Table — First Luncheon

Griffin Presents a L



# Convention in Action

er 21-23, 1950



86th Annual Banquet



Evelyn Berkeley  
Diamond Watch for 20 Years' Service



— Secretary of Navy

Elgin to I. L. Brisbin



Rosie Lenihan Learns Chapeau-ology

Board of Directors — Pre-Convention Meeting



OCTOBER, 1950



# Regulation W Reinstated

Effective September 18, 1950

The Korean crisis brought an immediate request from President Truman to the Congress for authority to put into effect controls which he felt necessary to implement a rapid increase in production of war materials and to control the inflationary tendencies which would result from the increased Government purchasing, increased overall income, and the shortages of consumer goods caused by the diversion of production capacities to defense materials. After extensive debate, the Senate and the House of Representatives finally agreed upon a final draft of the "Defense Production Act of 1950." The President signed the bill on September 8, 1950. A copy of this basic law was sent to each member company. It is the authority under which consumer credit controls have been reinstated by the Federal Reserve Board. We call your attention to (1) the Title section, (2) Section 2, Declaration of Policy, (3) Title VI, Control of Consumer and Real Estate Credit, particularly sections 601, 603 and 604, and (4) Title VII, section 716, as to termination date.

Under the act, the Federal Reserve Board is authorized to regulate consumer credit in accordance with all of the provisions of Executive Order 8843 of August 9, 1941, which was the Presidential order under which the original Regulation W was imposed. However, the authority to regulate any form of consumer credit terminates under the present act on June 30, 1951, or at such earlier time as the Congress or the President may elect.

## The New Regulation

The new Regulation W was promulgated by the Board of Governors on September 8, 1950, to become effective September 18, 1950. A copy of the new Regulation W will be furnished to each registrant by the Federal Reserve Bank in your own Federal Reserve district, in such quantities as you may need for your operation under the regulation. You will note that the new regulation follows the same general pattern as the old Regulation W under which you operated from 1941 to June 30, 1949, except that the new regulation covers automobile instalment credits of \$5,000 and less, and other instalment credits of \$2,500 and less; home improvement credits are now covered.

The regulation follows the old pattern of stating the list of articles covered and credit term requirements in a supplement to the regulation, so that the initial terms may be changed from

time to time by merely changing the supplement. The initial terms are stated in the supplement to the regulation in groups A, B, C and D, covering all of the listed article classifications and the home improvement loans. The initial terms are summarized in the official release of the Federal Reserve Board on page 11 of this issue.

Instalment loans for the purchase of any listed article carry the same limitations that apply to the instalment sale of the article; other instalment loans are limited to a maximum maturity of 18 months. Loans for down payments are prohibited. Exempt credits are provided for in Section 7 of the regulation and are about the same as in 1948 amendments to old Regulation W.

The down payment and loan value requirements shall not apply in the case of a listed article having a cash price of less than \$100. This means that in the case of sales of listed articles with a cash price of less than \$100 there are no down payment requirements, but the length of term of payment is subject to all limitations of the regulation and particularly to the requirement for a minimum payment of \$5.00 per month or \$1.25 per week. We believe that the forms and record-keeping requirements follow so closely the requirements

under the last previous amendment to Regulation W that compliance with the new regulation will follow the same pattern to which you were accustomed prior to June 30, 1949.

Your Washington staff and your national Executive Committee followed the situation closely during the development stages. We were in frequent conference with the Federal Reserve Board staff. Your Executive Committee held a special meeting in Washington and met with the staff at the Federal Reserve Board with constructive suggestions for the elimination of undesirable requirements in the regulation and the preservation of the former provision relative to renewals, revisions and additions. The attitude of the Federal Reserve Board has been good. Courteous and understanding discussions have been invited. We believe that the staff at the FRB has attempted to consider the viewpoint of operators in connection with the promulgation of this new regulation. Of course, we do not like the idea of Federal regulation of our terms, but the new regulation could have been much worse. The present Regulation W follows a familiar pattern and uses the forms to which you were accustomed, and the same forms may be used.

We are confident that our members in the industry will comply with the spirit and the letter of the regulation while it is in effect, even though we hope for the earliest possible termination.

## Defense Production Act of 1950

### Public Law 774

*Pertinent paragraphs from the Act which is the basic authority for the new Regulation W are quoted here.*

#### "Table of contents

- "Title I. Priorities and allocations.
- "Title II. Authority to requisition.
- "Title III. Expansion of productive capacity and supply.
- "Title IV. Price and wage stabilization.
- "Title V. Settlement of labor disputes.
- "Title VI. Control of consumer and real estate credit.
- "Title VII. General provisions.

#### "DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in

conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

"It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively,

the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

\* \* \*

#### "TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

"THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

"SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

\* \* \*

"SEC. 603. Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both.

"SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

\* \* \*

"SEC. 716. (a) Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951, only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.

"(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.

"(c) Notwithstanding the foregoing—

"(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

"(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

"(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

"(d) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act."

—Signed by the President September 8, 1950.

## Board of Governors of the Federal Reserve System

### Statement for the Press

Under the authority of the Defense Production Act of 1950, the Board of Governors today reinstituted regulation of consumer instalment credit through Regulation W effective at the opening of business September 18, 1950.

The Regulation covers automobile instalment credits of \$5,000 and less and other instalment credits of \$2,500 and less. Except that home improvement credits are now covered and terms are generally tightened, the Regulation is in much the same form as the Regulation which expired June 30, 1949.

The limitations initially established are:

Down payments of at least one-third, and maximum maturities of 21 months for automobiles.

Down payments of at least 15 per cent, and maximum maturities of 18 months for appliances: refrigerators, food freezers, radio or television sets, phonographs, cooking stoves, ranges, dishwashers, ironers, washing machines, clothes driers, sewing machines, suction

cleaners, air conditioners and dehumidifiers.

Down payments of at least 10 per cent, and 18 months' maximum maturity for furniture and rugs.

Down payments of at least 10 per cent, and 30 months' maximum maturity for home repairs, alterations or improvements.

Following the past policy of placing fewer restrictions on small credits, the new Regulation does not contain down payment requirements for articles costing less than \$100 although, unlike the former Regulation, maturities are limited.

Instalment loans for the purchase of any listed article carry the same limitations that apply to the instalment sale of the article; other instalment loans are limited to a maximum maturity of 18 months.

In establishing the initial terms the Board took into account the prevailing practices and terms in the trades affected. There has been a material relaxation of instalment credit terms during the past year or more, and the requirements of the Regulation are substantially tighter than the terms now widely offered.

In the automobile field the great majority of recent instalment sales of new cars and late model used cars are reported as having been financed on substantially easier terms, either as to down payments or maturities or both, than permitted by the new Regulation.

Similarly, many instalment sales of appliances and furniture are reported as having been made with down payments of 10 per cent or less; in many cases only token or no down payments have been required. Maturities of 24 months on instalment sales of such articles have been reported as widely prevalent with longer maturities offered in some cases.

Consumer credit has undergone an unprecedented expansion, particularly in recent months. Under present conditions continued excessive growth of consumer instalment credit adds materially to inflationary pressures.

The regulation of consumer credit is one of the fiscal, monetary and credit measures designed to restrain the inflationary pressures that result in higher prices and to facilitate diversion of critical material and manpower to production of defense needs as such diversion is required.

As the Board has frequently emphasized, the Regulation is a useful supplementary instrument to combat inflation. It applies to an important part, but only to one part, of the credit structure and therefore cannot by itself effectively control inflationary forces.

(Continued on Page 16)



## Personalities



**Alden L. Peterson**, manager of the Mayfield, Ky., office of Friendly Finance, Inc., was born in Chicago, Illinois, on June 16, 1906.

He attended Chicago grade schools, Oak Park and River Forest Township High School, and was a student at the University of Illinois for three years.

"Pete" started in the finance business on March 3, 1930, when he accepted a position with Household Finance Corporation, of Chicago, and he later managed one of their largest Chicago offices.

In 1939, Mr. Peterson and his wife made an extensive trip through the South, at which time they decided that was the place for them when and if an opportunity for change of locale presented itself.

With this in mind, he accepted a position with Time Finance in Paducah, Kentucky, and went directly from Chicago to the Paducah office.

Through his connection with Time, Mr. Peterson became acquainted with Charles L. Humphries, current President and General Manager of Friendly Finance, Inc. Shortly after Mr. Humphries started the new company, "Pete" accepted a position managing the Mayfield office.

During his short stay in Mayfield, Mr. Peterson has been very active in many phases of Mayfield's civic life, and through his untiring efforts he has contributed greatly to numerous civic enterprises.

"Pete" was selected as a member of the Regional and National Committees for the National Scout Jamboree held at Valley Forge National Park this summer. "Pete" is the District Scout

*(Continued on Inside Back Cover)*



## TWENTY Years Ago in the News

*Personal Finance News*, October 1930

National Officers, 1930-1931:

President, T. M. Kaufman; Vice President, L. K. Osborne; Executive Vice President, W. Frank Persons; Treasurer, T. J. Harrison; Secretary, Edgar F. Fowler

### THE ANNUAL CONVENTION

The central theme of the convention program was "Personal Finance—A Service Industry." This general guide to the discussions was not chosen as a slogan, nor to characterize the business by the meaning attached to "service" in noncommercial enterprise. Authoritative counsel in the United States Department of Commerce advised that personal finance should be classified technically as a "service industry," in distinction from industries engaged in the production or distribution of goods. This term, of course, cannot be applied exclusively to personal finance. Banking, brokerage, advertising, engineering, and many of the professional occupations fall within the same technical classification.

Having made certain of the technical accuracy of the convention theme, it seemed altogether useful to develop in the program the fullest connotations of "service" applicable to the personal finance business. This was accomplished through the distinguished contributions of men representing a variety of public and private viewpoints, all selected because of their unquestioned sincerity and worth as counselors and the importance of their constituencies as components of public opinion.

We received honest counsel, but even more important, we established new standards of convention deportment through our manifestly sincere purpose to ascertain facts and honest judgments altogether free of flattery and of pretense.



To interpret and pronounce judgment further upon the products of the convention would be mistaken zeal. We all have profited, each in his own way, and by the measure of his active interest in the proceedings. The more lasting benefits, however, are as yet unrealized. We must look to ourselves for them.

Have we found new enthusiasm and fresh courage for the tasks ahead? Are we convinced of the indispensable importance of ascertaining the facts about our business?

Are we really moved by the urgent need for a coordinated campaign of public information? Have the tangible values of organization and cooperation been demonstrated?

Are we disposed to subordinate personal opinion, professional rivalry, competitive advantage, whenever and wherever the good repute and the progress of the industry as a whole stand in question? Is "Personal Finance—A Service Industry" to remain merely the convention theme of 1930, or is it to become a unit working rule of practice throughout the industry?

# Interpretation of Regulation W

Effective September 18, 1950

By JOSEPH E. NEWTON

Mr. Newton is counsel for Local Loan Company of Chicago.

Regulation W, under authority of Congress, has been revived by the Federal Reserve Board and became effective September 18, 1950.

An interpretation and analysis of the Regulation follows:

## Registration

All loan companies, banks, and merchants engaged in the business of installment credit, must register on or before November 18, 1950. Forms will be sent to you by the Federal Reserve Bank in ample time.

## Installment Loans

All installment loans of \$2,500.00 or less are covered by the Regulation. The Regulation covers loans up to \$5,000.00 where the purpose is to purchase an automobile.

The maximum maturities and the percentage that may be lent in the cases of loans to purchase listed articles (maximum loan value) are as follows:

Type of Loan	Maturity	Maximum Loan
Appliances, such as stoves & refrigerators	18 mos.	85%
Household furniture and floor coverings	18 mos.	90%
Automobiles	24 mos.	66 2/3%
Home repairs, alterations or improvements	30 mos.	90%
All other loans of \$2,500.00 or less	18 mos.	100%

See Supplement in back of Regulation for detailed list of items subject to the Regulation (listed articles). Any article costing less than \$100.00 is not considered a listed article, and a loan to purchase such an article may be for the full amount.

A fifteen day leeway is permitted in calculating maximum maturities.

Minimum payments—\$5.00 per month (or \$1.25 per week).

Loans must be repayable in substantially equal installments or no installment shall be substantially greater than any preceding installment. Installments shall be payable at approximately equal intervals not exceeding one month.

## Statement of Borrower

The Regulation provides that the Statement of Borrower shall state whether the proceeds of the loan are

(1) to be used to make a down payment on a listed article, or (2) to purchase any listed article; if so, the Statement shall identify the article and state the cash price and the value of any trade-in. The attached form, in use when the Regulation was terminated, is still good, except the \$50.00 should be changed to \$100.00, as shown.

## Renewals, Revisions and Additions

The Regulation provides that renewals, revisions, and additions must comply with all requirements as if they were new extensions of credit.

Example: Jones owes \$100.00, which is the balance of a \$200.00 loan written for 18 months. He wishes to renew with an additional \$100.00 cash for

clothing. The new \$200.00 loan may be written for 18 months.

The Statement of Borrower should refer to the purpose of the new money only. If the new money is to purchase a listed article, only the prescribed percentage may be lent.

Pre-September 18 loans will become subject to the Regulation upon renewal.

Example: Jones owes \$100.00, which is the balance of a \$200.00 loan written on August 24, 1950, for 20 months. On September 21, 1950, he asks for an additional \$100.00 for a vacation. The new \$200.00 loan will have to be written for 18 months.

## Statement of Changed Conditions

(Formerly called Statement of Necessity)

The taking of this Statement will

## STATEMENT OF BORROWER

### TO BE FILLED IN BY REGISTRANT

(Name of Registrant)

(Date of Loan) \$ (Amount of Loan)

(Answer "Yes" or "No")

1. Is any of the money from this loan to be used to buy a Listed Article costing \$100.00 or more?

(Answer)

2. Is any of the money from this loan to be used as a down payment on the purchase of a Listed Article?

(Answer)

In determining whether any article involved in this loan is a Listed Article, I have been guided by information furnished by the lender. I certify that, to the best of my knowledge, the information given by me on this sheet is true and complete.

(Date)

(Borrower's Signature)

3. IF QUESTION 1 HAS BEEN ANSWERED "YES", the following information must be obtained from borrower:

Listed Article	Purchase Price	Trade-in Allowance	Amount To Be Borrowed
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

Have you borrowed any money elsewhere, or do you intend to borrow any elsewhere, to be used in buying any of the Listed Articles specified above?

(Answer "Yes" or "No")

If "Yes", how much? \$

authorize the rewriting of a transaction for 24 months, and the \$5.00 minimum payment provision may be ignored. It makes no difference whether the debt being revised is on your books or on some other creditor's books. You may, if you wish, consolidate a number of outstanding debts. If any money is lent in addition to that which is necessary to pay off the old debts, such portion must be repaid within the specified period depending on the use of the new money. Stated otherwise, the statement of changed conditions only applies to the old money.

These Statements may only be used where a revision is necessary to avoid undue hardship resulting from unforeseen contingencies. The old forms of Statement of Necessity, copy of which is attached, are still satisfactory.

### Loan Contracts in Default

The regulation as revised still contains the standard provision permitting a lender to take any action that he shall deem necessary in good faith, for his own protection with respect to any obligation which is in default and is the subject of bona fide collection effort. This rule also applies with respect to any obligation of any member or former member of the armed forces of the United States which was incurred prior to his induction into such service and assignment to active duty.

Where a borrower requests that a payment be skipped, the entire contract can be revised as a new loan, or the matter can be treated as a collection problem according to the facts of the particular case. To revise a contract, it is not necessary to re-write the note. Notations of the new terms can be written on the account card and the borrower's payment book.

### Seasonal Incomes

Special payment schedules may be made for Seasonal Incomes, provided

(1) At least  $\frac{1}{2}$  of the credit is to be repaid within the first half of maximum maturity, or at least  $\frac{2}{3}$  of the credit is to be repaid within the first  $\frac{2}{3}$  of the maximum maturity.

(2) Payments are reduced or omitted in not more than 4 months of any calendar year, but are otherwise in equal monthly amounts.

Additional special rules are provided for rounding off installments of less than \$1.00 and doubling up payments for short periods. See Section 6 (a) (2).

Statement of facts relied upon shall be preserved by Registrant for life of obligation.

### Credit for Mixed Purposes

Where a loan is partly subject to one section and partly subject to another, the amount and terms shall be such as would result if the loan were divided and each part treated as if it stood alone; except the maturity may be the maximum maturity applicable to the listed article giving rise to the major portion of the loan.

Example: Jones wants \$100.00 for a vacation (18 mos. maturity) and in addition wishes to purchase an automobile valued at \$600.00 (21 mos. maturity—\$400.00 maximum loan value). The loan may be written for \$500.00 with a 21 months' maturity.

Where the extension is partly subject to the Regulation and partly not subject to the Regulation, it is sufficient if the regulated portion of the loan is paid within the prescribed period.

Example: Jones wants \$150.00 for a vacation (subject to the Regulation) and \$150.00 as a business loan (exempt from the Regulation). The \$300.00 loan may be written for as many months as desired so long as the \$150.00 vacation portion of the loan is repaid within 18 months.

### Evasive Side Agreements

#### Evasive Side Agreements

- (1) as to renewals or revisions which would extend account beyond prescribed maturity, or
- (2) by which obligor can repay in a manner inconsistent with the Regulation, or
- (3) by which there is any evasion or circumvention result in non-compliance with Regulation.

### Exempt Credits

The Regulation specifies certain credits which are wholly exempt from the Regulation. On such loans the maturities and repayment schedules may be set up as if the Regulation did not exist. From the standpoint of our business, the more important exempt credits are:

- (1) Business or agricultural loans, provided loan is not for purpose of purchasing a listed article.
- (2) Credit to dealers to finance article for resale and credit to automobile salesman to finance new automobile to be used as demonstrator.

### STATEMENT OF CHANGED CONDITION

This form is to be used only in connection with credits subject to Regulation W, in exceptional cases in accordance with the terms of that Regulation.

To:

(Name of Registrant)

I am requesting a change in the terms of payment, or a refinancing, of the following instalment indebtedness:

Name of Creditor	Unpaid Balance	Present terms of payment
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The desired change is necessary in order to avoid undue hardship to me or my dependents resulting from contingencies unforeseen by me at the time of obtaining the above credit or which were beyond my control. Following is a brief statement of the principal facts and circumstances with respect to such contingencies:

I make this statement in good faith and certify (a) that the information contained in this statement is true and correct, and (b) that the requested change is not to be made in connection with any plan or intention to evade or circumvent the requirements of Regulation W.

(Date)

(Signature of Borrower)

(3) Real estate loans if for purpose of construction or purchase of entire residential building or other entire structure.

(4) Medical, hospital, dental, or funeral expense loans providing statement signed by borrower listing names, addresses, and occupations of persons who are to receive proceeds of loan, and amount to be paid to each.

The old Exemption Certificate may continue to be used, except loans for alterations and improvements on real estate are no longer exempt. A revised copy of the Exemption Certificate is attached.

### Miscellaneous Provisions

Where a listed article is involved, you must first determine the "cash price." This includes cost of accessories, charges for installation, services and sales taxes. It does not include finance charges or insurance.

In financing the purchase of an automobile, the 66 $\frac{2}{3}$ rd% must be applied to the cash price or the Appraisal Guide value *whichever is lower*.

The down payment on an automobile

may be in the form of cash, trade-in or both.

In the case of listed articles other than automobiles, the following example will show the method of calculation where a trade-in is involved:

Cost of refrigerator	\$250.00
Trade-in	50.00
Net price	\$200.00
Down payment	30.00
Maximum loan value	\$170.00

The Regulation covers new or used appliances and furniture as well as automobiles.

Where a listed article, such as a parlor set, is sold as a set, it is considered one listed article for the purpose of applying the Regulation. The fact that each individual item cost less than \$100.00 would not eliminate the necessity of a down payment.

Lenders who are engaged in the business of buying or discounting conditional sales contracts must register, but they are protected if the contracts appear on their face to be written in accord with Regulation W and the

lender knew of no fact indicating non-compliance.

Records must be preserved for *life of obligation* to which they relate. Photographic reproduction permissible in lieu of originals. Federal Reserve or its agents may make inspections, or require production of pertinent papers.

Suspension of License authorized for any wilful or negligent failure to comply with the Regulation.

Non-compliance with the Regulation does not affect enforceability of contracts.

Clerical errors do not constitute a violation if resulting from excusable mistake, and were not occasioned by a regular course of dealing.

Registrant may impose requirements stricter than those in the Regulation.

Footnote on Page 14 calls attention to \$5,000.00 fine or one year imprisonment, or both, for wilful violation of the Regulation.

### EXEMPTION CERTIFICATE

19\_\_

In connection with a loan of \$\_\_\_\_\_ made to the undersigned this day by \_\_\_\_\_ the undersigned hereby certify to the facts set forth in the signed paragraph or paragraphs below:

#### Real Estate and Home Improvement Loans

that \$\_\_\_\_\_ of the proceeds are to be used for the purpose of financing or refinancing the construction or purchase of an entire residential building or other entire structure.

#### Educational, Medical, Hospital, Dental or Funeral

that \$\_\_\_\_\_ of the proceeds are to be used for bona fide educational, medical, hospital, dental, or funeral expenses, or to pay debts incurred for such expenses, as follows (specify the names, addresses and occupations of persons to whom money is to be paid, and the amount to be paid to each):

#### Business or Agriculture (Check the applicable enterprise)

that \$\_\_\_\_\_ of the proceeds are to be used for the purpose of financing

( ) a business enterprise in which the undersigned is engaged or

( ) an agricultural enterprise in which the undersigned is engaged,

\* and that the proceeds are not for the purpose of purchasing any article listed under Regulation W, which list of articles I have read.

\* If loan is to a dealer to finance the purchase of any listed article for resale or installation, strike out all language following asterisk.

(To be signed by the party who receives the proceeds of the loan and filed with the application papers)

designed for  
your operation

## SIMPLIFIED LOAN FORMS

DAN GRIFFIN

Finance Business Forms Corporation

100 North La Salle Street

Chicago

ANdover 3-6522

Robert Fulton Maine

Long Term  
Financing

1420 Walnut Street

Philadelphia

## The Road Ahead

(Continued from Page 4)

civilized world. Today when labor speaks, when the farmer speaks, yes, when John L. Lewises shout from their spacious headquarters, they get first-class attention and generally what they ask for. That's how organization pays off, especially if the people in that organization work together and give generously of their talents and funds.

There's a quotation—I think it is from the Bible—that reads, "Go to the ant, thou sluggard." We can learn much from the ants even though they do conduct the most communistic society on earth where each ant has his own obligation to the colony and dies if he fails to perform that duty. A golfer, after making a beautiful drive, saw his ball hit some solid object and bounce off the fairway into the rough. When he found it, he was amazed to see that it had rolled right to the apex of a two-foot anthill and stopped. He figured it could have been worse; but when he took his first shot at the ball, he misjudged to the extent that he hit inside, knocked a big hole in the side of the anthill, killing several hundred ants. Because he missed, he was unnerved; and when he took his second shot, he hit outside the ball, tearing another slice out of the opposite side of the anthill and killing another several hundred ants. The few remaining ants in the colony held a hurried consultation to try to figure out what could be done. One of the old timers, the patriarch of the colony who had been through wars, depressions, and inflation before, gathered the younger ants around him and said, "Now listen, fellows, we had two severe blows. This situation is serious; and if we expect to survive, believe me, we better get on the ball."

## Record-Breaking Convention

(Continued from Page 7)

delivered an address to the membership on "Federal Controls." Then the Annual Meeting of the membership heard, considered, and approved reports from all officers and standing and special committees. It has been a most successful year of activity, and marked by the largest increase in membership on record. Annual elections were held. The names of those elected to the Board of Directors, to the Executive Committee, and as officers for the ensuing year appear on the inside front cover of this issue.

The new officers were installed at the Inaugural Luncheon. B. J. Lenihan made his splendid inaugural address. Past President Brishin was presented with a fine Lord Elgin watch in appreciation of his services to the Association. Professor Paul D. Bagwell of Michigan State College, and past president of the United States Junior Chamber of Commerce, delivered an inspiring after-dinner address, and the 35th Annual Meeting became history—long to be remembered.

The members of the Association now look forward to the 37th Convention and Annual Meeting at the famous Greenbrier Hotel at White Sulphur Springs, West Virginia, on September 26-27-28-29, 1951.

We realize that this brief sketch of the convention does not give you the details of the addresses, some of which will appear in our later issues. We hope to make all addresses available through printing of the convention proceedings.



GIVE TO HELP  
THE RED FEATHER  
AGENCIES

## Board of Governors of the Federal Reserve System

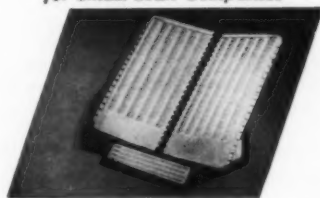
(Continued from Page 11)

The Regulation is being published in the Federal Register and copies of the Regulation will be made available through all Federal Reserve Banks and branches as soon as possible. The Regulation will be administered in the field by the 12 Federal Reserve Banks and their 24 branches located conveniently throughout the country. Inquiries should be addressed to the nearest Federal Reserve Bank or branch.

Regulation W was first put into effect under Executive Order September 1, 1941. It expired November 1, 1947. It was reinstated September 20, 1948 under statutory authority which expired June 30, 1949. The business community and the buying public, the Board and the Federal Reserve Banks have thus had extensive experience with this type of credit regulation.

Through the 12 Federal Reserve Banks and their 24 branches, and the more than 250 directors of the Reserve Banks and branches, the Board has the advantage of immediate and close contact with all segments of commerce, trade and industry, and with the consumers affected by the Regulation.

## LOWEST PRICE INTEREST TABLES for Small Loan Companies



**\$13.50 each**

(Some rates above \$300—\$18.50 each)  
**Stand with built-in Time Finder \$11**  
(No need to buy a new stand if your rate changes)

★

**Accurate to the penny—Quick and simple in operation—Easy for new employees to use—Sturdy, durable.**

Hundreds of satisfied users, including Household Finance, Public Loan, Commonwealth Loan, Liberty Loan, and other chain and independent companies.

**10 DAYS FREE TRIAL**  
ORDER ONE TODAY!

**JOHN DICKINSON SCHNEIDER**  
833 North Orleans Street • Chicago 10, Illinois

**NOTE:** No dealers—no salesmen—we sell by mail only to keep our prices down.

Let us show You

MAIL TESTED

**IDEAS THAT CLICK**

SEND  
FOR  
SAMPLES

MISSOURI PIECES include Business Building Letters—Cutouts—Simulated Checks—Folders—Greetings—Credit Cards—Loan Office Forms—All printing for the Loan Business.

SEND NOW FOR BOOK OF 36 NEW IDEAS JUST OFF THE PRESS

**MISSOURI PRINTING & ENGRAVING CO.**

3160 Easton Ave.

St. Louis 6, Missouri

**31 Years Serving the Small Loan Industry**



## George W. Kehr Honored

George W. Kehr, president of the Cooperative Loan and Investment Company of Harrisburg, Pennsylvania, was named Admiral of this year's Labor Day Kipona in that city. Governor James H. Duff of Pennsylvania was a member of the Admiral's staff. A feature of the evening program was an address by Mr. Kehr.

Mr. Kehr organized the first water carnival in Harrisburg forty-five years ago. He has been an officer or actively interested in the Labor Day carnival since he originated the idea by "challenging all swimmers" to beat him in a mile race down the Susquehanna on Labor Day in 1905. He came in a close second.

We quote the following editorial from *The Patriot*, one of Harrisburg's daily newspapers:

### "WELL QUALIFIED"

"Had they canvassed the job a hundred times more diligently than they did the committee could not have found any one more qualified and more worthy of the honor of Kipona's 'Admiral' than George W. Kehr, a sportsman to the marrow, a participant in the sports of his day and one of the faithful 'nursemaids' of this Autumn ceremony held annually to emphasize the Susquehanna's facilities for sports.

"Mr. Kehr will need no coaching on what to do or how. He has lived with, on and in the river since early in the century. He knows its secrets. Its charm is upon him. If there is such a thing as getting an 'Admiral's' commission by rising through the ranks, Mr. Kehr has done it. His friends rejoice in the recognition that has been given to him."

Mr. Kehr was the first president of the National Consumer Finance Association, served as its Secretary from 1917 through 1929 and as chairman of its Executive Committee from 1932 to 1946. He has been in the consumer finance business for forty-one years.

### FOR

## Interest-computers

### WRITE

**Albert M. Hunter, Inc.**

112 No. 7th St.

Philadelphia 6, Pa.

## Personalities

(Continued from Page 12)

Commissioner and a member of the Executive Board of the Four Rivers Council, Boy Scouts of America.

Mr. Peterson is an active church worker and was recently installed as a Deacon in the First Presbyterian Church.

A member of the Rotary Club, Mr. Peterson is chairman of the Rotary's Community Service committee. He is also a life member of Sigma Chi, national fraternity, and is a Mason.

He has played a prominent part in recent Red Cross and Community Chest Drives, and is a member of the Chamber of Commerce's important road committee.

Mr. and Mrs. Peterson have two daughters, one of whom, Diane, is employed at the local newspaper, the *Mayfield Messenger*. The other daughter is attending Mayfield High School.

## REGULATION W FORMS

Carried in stock for  
IMMEDIATE DELIVERY

Statement of Borrower  
Statement of Changed Conditions  
Exempt Credits Statement

**DUNCAN PRINTING  
CORPORATION**  
714 North Capitol Avenue  
INDIANAPOLIS 4, INDIANA

## OPENING A NEW OFFICE?

Build fast, profitable loan volume with successful direct mail ANNOUNCEMENT PROMOTION. Used by large chain companies EVERY TIME they open a new office.

Write for Free Samples today!

*Distinctive  
Advertising Service*

P. O. Box 1182 Albany, N. Y.

## MEETING SCHEDULE

### CALIFORNIA

Los Angeles, October 25-26

### COLORADO

Shirley Savoy Hotel, Denver, November 15

Shirley Savoy Hotel, Denver, January 24, 1951

Broadmoor Hotel, Colorado Springs, May 25-27, 1951

### IDAHO

Sun Valley, June 29-30, 1951

### ILLINOIS

La Salle Hotel, Chicago, October 24-25

### INDIANA

Claypool Hotel, Indianapolis, November 9

### IOWA

Fort Des Moines Hotel, Des Moines, May 2-3-4, 1951

### KENTUCKY

November 7-8

### LOUISIANA

January 20, 1951

### MARYLAND

Baltimore, October 14

### MICHIGAN

Statler Hotel, Detroit, October 24-26

### MINNESOTA

October 18

### NEW JERSEY

Essex House, Newark, October 11

### OHIO

Deshler-Wallick Hotel, Columbus, October 17-19

### OKLAHOMA

Oklahoma City, November 10-11

### OREGON

Multnomah Hotel, Portland, November 18

### PENNSYLVANIA

Bellevue-Stratford Hotel, Philadelphia, November 9-10

### VIRGINIA

Chamberlain Hotel, Old Point Comfort, October 18-19



# NOW!

## Personal Loan Accounting in Half the time . . .

**with NO Transcription Errors**

MULTI-POSTER, the miracle accounting device, gives you more speed—and greater accuracy too. Here's how:

With Multi-Poster, you write your entry *only once*—on either receipt or ledger form. Multi-Poster gives you carbons, correctly aligned, on the other form and on a journal tape. *One writing . . . three copies . . . no transcription errors!* You'll speed customer service too, and build goodwill, with Multi-Poster. Rush the coupon today for full information on this simple, low-cost accounting time-saver.



Send for  
**FREE** Booklet  
Today

### **Remington-Rand**

The First Name in Business Systems

MANAGEMENT CONTROLS LIBRARY, ROOM 1763  
315 FOURTH AVE., NEW YORK 10, N. Y.

Kindly send me at once my copy of Booklet LL 181.

NAME

FIRM

ADDRESS

CITY  ZONE  STATE